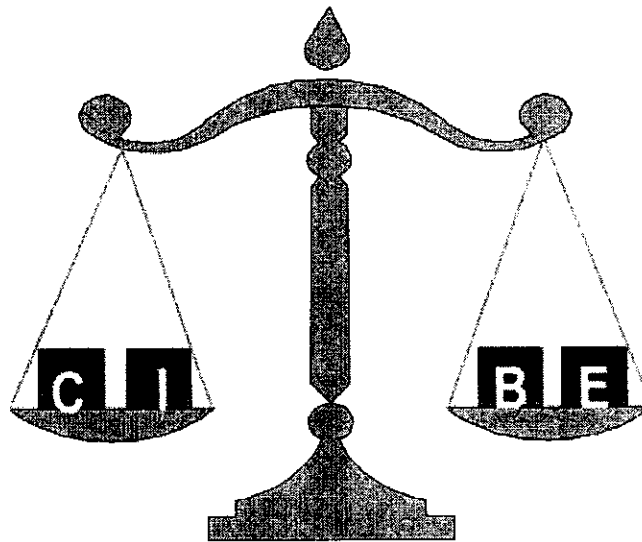


MONTANA TEACHERS' RETIREMENT SYSTEM

State Administration and Veterans' Affairs Interim Committee

June 24, 2011



C = Contributions

I = Investment Income

B = Benefits

E = Expenses

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Actuarial Funded Status – July 1, 2010

- Actuarial Value of Assets - \$2,956,583,000
- Market Value of Assets - \$2,521,446,000
- Unfunded Liability - \$1,561,585,000
- Percent funded – 65.44%
- Actuarial Required Contribution (ARC) Increase -- 2012 - 2.20% & 2013 – 2.02%
- Smoothed Losses Yet to be Recognized - \$438,137.309

2011 Legislative Session

- TRS Newsletter
- Minimal changes affecting funding
 - Did not increase contributions to meet ARC
 - Changes to actuarial factors reduced unfunded liability \$6.8 million and amortization period by 2.3 years

Actuarial Funding Requirements

- Montana Constitution, Article VIII, Section 15, requires public retirement systems be funded on an actuarially sound basis
 - Smaller benefits, larger contributions and older retirement ages for new hires? Very small immediate impact; changes do not effect benefits for several years
 - Increase employer contribution rates?
 - Alternative funding sources?

2013 Legislative Session

- TRS Board is reviewing plan design options for new hires adopted by several other States and Montana PERS.
- The TRS Actuary will estimate the financial impacts of different changes to pension plan design. For example:
 - vesting, average final compensation, 25-year retirement, etc.
- Are there options for increasing employee and employer contributions?
- Changes to benefits for current members; what is happening in other States?
- Other possible funding sources, such as SB 113 or HB 632 from the 2011 Session

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